

STATE OF IOWA

THOMAS J. VILSACK, GOVERNOR SALLY J. PEDERSON, LT. GOVERNOR DEPARTMENT OF EDUCATION TED STILWILL, DIRECTOR

August 10, 2004

Dear Colleague:

Funding support for education has reached a crisis point. The stagnant economy of recent years has limited and in some cases reduced available funds for education, while needs and expectations continue to grow. Increased revenues are required to meet diverse student needs, meet additional expectations from state and federal legislation like the federal *No Child Left Behind* Act, and provide the professional development for educators to develop supports to enhance the skills and knowledge of Iowa's students.

Ending FY04 with a modest increase in revenue was a positive sign. However, even if revenue growth continues at or above the current rates throughout FY05 and into FY06, the estimated budget shortfall for projected FY06 expenditures is in excess of \$500 million. State revenues would need to grow 10 to11 percent to meet these expenditures.

The choices for FY06 appear to be getting clearer. School districts need to have additional resources or they must continue to make cuts. With the current and projected levels of revenues for FY06 and the commitments the state has to fulfill, the approved foundation aid formula increases will continue to be insufficient to meet needs and expectations. This information comes at a time when many local education systems cannot absorb additional cuts if they are to maintain a level of quality for educational programming.

The lowa Department of Education has assembled a packet of information called *Facts about School Funding*. Our goal is to provide educators and other interested parties with accurate and consistent information that can be used in conversations with others about the status of educational funding in lowa.

This packet includes the following information:

- Cover letter
- Talking Points document Facts about School Funding
- A data supplement that references data sources to support the talking points.

 FAQ – Common questions about the current status of school funding

As educators, we know there are many interpretations regarding the adequacy of funding for education. As you engage state and local leaders in conversations regarding the need for additional supports for students, we hope you find this information useful. Iowa simply cannot afford to diminish the financial support for schools in this time of need for stronger and higher quality schools. To grow the economy, we must have students who have the skills and knowledge to compete.

Sincerely,

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Ted Stilwill Director